



Atlanta Chicago Houston London New York Singapore

Mr Duane Andresen
Division of Market Oversight
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

17 January 2006

Dear Duane,

Launch of an ICE Futures West Texas Intermediate Light Sweet Crude Oil futures Contract

The purpose of this letter is to draw your attention to ICE Futures Circular 06/002 dated 9th January 2006 (attached) regarding the proposed launch of the ICE Futures West Texas Intermediate Light Sweet Crude Oil futures Contract ('ICE Futures WTI Light Sweet Crude Oil futures Contract' or 'Contract') on 3rd February 2006.

Pursuant to the Commission's Statement of Policy Regarding the listing of New Futures and Option Contracts by Foreign Boards of Trade that have received staff no-action relief to place electronic trading devices in the United States¹, the purpose of this letter is to:

- i) notify the Commission that ICE Futures proposes to launch a new contract – namely the ICE Futures WTI Light Sweet Crude Oil futures Contract as described in the contract specification (attached to Circular 06/002); and
- ii) confirm that the Exchange is in compliance with the terms and conditions of the no-action letter of 12 November 1999 (as most recently updated by the letter of 14th April 2003) and that this additional contract will be traded in accordance with those terms and conditions.

The ICE Futures WTI Light Sweet Crude Oil futures Contract will provide participants with the opportunity to trade one of the world's most liquid oil commodities in a purely electronic marketplace. The Contract not only brings the benefits of electronic trading to the US light sweet crude market but also brings together the world's two most significant oil benchmarks on a single Exchange. This in itself offers a number of benefits to participants, including reductions in collateral requirements through the offsetting of margins. LCH.Clearnet Ltd will provide clearing and settlement services to the Contract.



Should you have any questions on this letter, please do not hesitate to contact me on +44 (0)20 7265 5729 or at mark.woodward@theice.com.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Mark Woodward", with a stylized flourish at the end.

Mark Woodward
Regulation & Compliance Policy Manager

enc

ICE West Texas Intermediate Light Sweet Crude Oil futures Contract

Introduction

The ICE Futures West Texas Intermediate ("WTI") Light Sweet Crude Oil futures Contract provides participants with the opportunity to trade one of the world's most liquid oil commodities in a purely electronic marketplace.

The Contract not only brings the benefits of electronic trading to a US light sweet crude but also brings together the world's two most significant oil benchmarks on a single Exchange. This in itself offers a number of benefits to participants, including reductions in collateral requirements through the offsetting of margins.

Features of the Contract

Price transparency

Users can operate in the knowledge that the prices they see are backed up by firm volume.

Cash settlement

Participants can use the contract in the comfort that any positions left open at expiry will be financially settled, there will be no physical delivery.

Collateral efficiency

Price correlation between Brent crude futures and WTI Light Sweet Crude Oil futures will result in reduced margin requirements.

Contract security

LCH.Clearnet acts as the central counterparty for trades conducted on ICE OTC and ICE Futures. This enables it to guarantee the financial performance of every contract registered with it by its members (the clearing members of the exchanges) up to and including delivery, exercise and/or settlement. LCH.Clearnet has no obligation or contractual relationship with its members' clients who are non-member users of the exchange markets, or non-clearing members of the exchanges.

Contract Specification

Date of launch

3 February 2006

Trading Hours

	London (local time)	New York (EST)	Chicago (CST)
Open	01:00	20:00	19:00
Close	22:00	17:00	16:00

Unit of trading

One or more lots of 1,000 barrels.

Quotation

The Contract price is in US dollars and cents per barrel.

Minimum price fluctuation

One cent per barrel, equivalent to a tick value of \$10.

Maximum daily price fluctuation

There are no limits.

Daily margin

All open Contracts are marked-to-market daily

Trading period

Thirteen consecutive months

Position limits

There are no limits to the size of position

Fees

Screen transactions: \$0.70 per lot per side

EFP's, EFS's and Blocks Trades: \$1.20 per lot per side

Delivery Mechanism

Cessation of Trading

Trading shall cease at the close of business on the fourth US business day prior to the 25th calendar day of the month preceding the Contract month.

Delivery/settlement basis

The West Texas Intermediate ("WTI") Light Sweet Crude Oil futures Contract is cash settled against the prevailing market price for US light sweet crude. It is a price in USD per barrel equal to the penultimate settlement price for WTI crude futures as made public by NYMEX for the month of production per 2005 ISDA Commodity Definitions.

Payment

Payment for Contracts takes place through LCH.Clearnet two business days after the cessation of trading.

Exchange of Futures for Physical ("EFP") and Exchange of Futures for Swaps ("EFS")

EFPs or EFSs may be reported to the Exchange during trading hours and registered by LCH.Clearnet up to one hour after the cessation of trading of the delivery month in which the EFP or EFS is traded. These allow more effective hedging opportunities for market participants with over-the-counter positions.

Law

The contract is governed by English law and includes provisions regarding force majeure, trade emergency and embargoes.

Clearing and Regulation**Clearing**

LCH.Clearnet guarantees financial performance of all ICE Futures Contracts registered with it by its clearing Members. All ICE Futures Member companies are either members of LCH.Clearnet, or have a clearing agreement with a Member who is a member of LCH.Clearnet.

Regulation

ICE Futures is regulated in the UK by the Financial Services Authority ("FSA") as a recognised investment exchange ("RIE") under Part XVIII of the Financial Services and Markets Act 2000 ("FSMA"). Further, ICE Futures has secured the relevant regulatory approvals or secured a statement of no objection, or has satisfied itself that it does not require regulatory approvals to allow direct access to the ICE Platform in a number of other overseas jurisdictions, such as US and Singapore. The complete list of jurisdictions can be found at: www.theice.com/regulation.jhtml.

In accordance with the FSMA, all ICE Futures General Participants based in the UK will be authorised and regulated by the FSA. Where General Participants are incorporated overseas, they will be regulated by the relevant regulatory authority in that jurisdiction.

Contact Details

For questions and/or comments on this contract please contact Oil Markets on:

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